

## CORPORATE GOVERNANCE

### Corporate Governance Philosophy

Your Directors are pleased to give below the Corporate Governance report:

We believe that Corporate Governance is the interaction of the management, shareholders and Board of Directors to help ensure that all investors—both shareholders and creditors—are protected against managers acting solely in their own best interest. Corporate Governance consists of laws, policies, procedures, and, most importantly, practices, that ensure the well being of the assets of the company. Corporate Governance is at its highest levels when management is acting as if they are long-term investors in the company.

Your Company has a strong history of operating with integrity—at all levels, both internally and externally. Our actions and the actions of all our employees are governed by our Purpose, Values, and Principles. Our commitment to operate responsibly is reflected in the steps we have in place to ensure rigorous financial discipline and Corporate Governance.

We have highly experienced Board of Directors, which help us maintain the highest standards of Corporate Governance. Our Audit Committee is comprised of independent directors, with appropriate financial skills to provide good oversight. We have in place strong internal controls, to ensure compliance with all relevant regulations and standards. Our rigorous business process controls include ongoing programs of self-assessment, controls, as well as internal and external audits. Your Company has adopted a Code of Conduct for its Directors. It is derived from three interlinked fundamental principles, viz. good corporate governance, good corporate citizenship and exemplary personal conduct.

Further, your Company reinforces responsibilities of all our employees, including key employees, of observing high standards of Corporate Governance through the Company's "Worldwide Business Conduct Manual," which sets forth management's commitment to conduct its business affairs with high ethical standards.

Your Company's reputation is earned by our conduct: what we say, what we do, the products we make, the services we provide, and the way we act and treat others. As conscientious citizens and employees, we want to do what is right. For your Company, and P&G's global operations, this is the only way to do business.

Name of the Director	Category	Designation	Other Directorships *		Membership of other Board Committees **	
			Member	Chairman	Member	Chairman
Mr. B. V. Patel	NED/ID	Chairman	4	None	2	None
Mr. S. Khosla	ED	Managing Director	2	1	2	1
Mr. R. A. Shah	ID		14	3	8	5
Mr. B. S. Mehta	ID		14	None	9	5
Mr. D. Acharya	NED		1	None	1	None
Ms. D. A. Henretta	NED		1	None	None	None
Mr. A. Chhabra #	ED	Executive Director & Company Secretary	N.A.	N.A.	N.A.	N.A.
Mr. P. Agarwal	NED	Alternate to Ms. D. Henretta	1	None	None	None

NED – Non Executive Director

ED – Executive Director

ID – Independent Director

# Mr. A. Chhabra ceased to be an Executive Director & Company Secretary of the Company w.e.f. July 17, 2007.

\* excludes directorships in private limited companies, bodies corporate, foreign companies, memberships of managing committees of various chambers/bodies and alternate directorships.

\*\* Includes memberships of only Audit Committees and Share Transfer and Investor Grievance Committee of public companies.

### BOARD OF DIRECTORS

#### (a) Composition of the Board

As on date, the Board has one Managing Director (MD), and five non-Executive Directors. MD is involved in the day-to-day management of the Company while the non-Executive directors bring external perspective and independence to decision making. Mr. B. V. Patel, Mr. R. A. Shah and Mr. B. S. Mehta are 'independent directors' as per explanation to clause 49 I (A) of the listing agreement. Except the MD, all the Non-Executive Directors are liable to retire by rotation. As per Article 131 of the Articles of Association of the Company, The Procter & Gamble Company, USA has the right to designate one or more of the members of the Board as Managing Directors of the Company.

#### (b) Number of Board meetings

Five Board meetings were held during the period July 1, 2007 to June 30, 2008. They were held on July 17, August 24, October 31, 2007, January 30 and April 30, 2008.

#### (c) Directors' attendance record and directorships held

The attendance record of all directors is as under:

Directors	No. of Board meetings attended	Last AGM Attendance
Mr. B. V. Patel	4	Present
Mr. S. Khosla	5	Present
Mr. R. A. Shah	5	Present
Mr. B. S. Mehta	5	Present
Mr. D. Acharya	5	Present
Ms. D. Henretta	None	Not Present
Mr. A. Chhabra *	1	N. A.
Mr. P. Agarwal #	None	Not Present

\* Mr. A. Chhabra ceased to be a Director of the Company w.e.f. July 17, 2007.

# Alternate Director to Ms. D. Henretta.

The Composition and other required details of the Board of Directors as on June 30, 2008 are given below:

**(d) Material significant related party transaction**

There are no materially significant transactions made by the Company with its Promoters, Directors, or Management, their subsidiaries or relatives etc. which have potential conflict with the interests of the Company at large. Transactions with related parties are disclosed in Note No. B.12 of Schedule 17 to the Accounts in the Annual Report.

**(e) Remuneration of Directors**

The independent Directors are paid annual commission of Rs.10 lakhs each w.e.f. July 1, 2006 for a period of 5 years, subject to deduction of tax at source. The Non-Executive Chairman is paid a commission of Rs.25 lakhs per annum beginning July 1, 2007 to December 31, 2008, subject to deduction of tax at source.

The above commission is restricted to one percent of the net profits of the Company per annum in the aggregate as calculated as per the provisions of Sections 198, 309,

310 and such other applicable provisions of the Companies Act, 1956.

The Company also pays fees for the professional services to the firm of Chartered Accountants and the firm of Solicitors and Advocates of which two of the Independent Directors are partners. Considering the amounts involved, the Company is of the opinion that there is no material pecuniary relationship / association with these firms. The Non-Executive Independent Directors are paid remuneration based on their responsibility and performance and in terms of the resolution as passed by the members at the General Meeting.

The remuneration of Executive Directors comprises salary, house rent allowance, perquisites, contribution to provident and other funds, gratuity and leave travel allowance and other perquisites and benefits as per the policy of the Company.

Details of the remuneration paid to Directors of the Company during the year ended June 30, 2008 are given below:

Name of Director	Relationship with other Directors	Salary including Bonus+PF contribution (Rs.)	Perquisites (Rs.)	Commission (Rs.)	Shares held
Mr. B. V. Patel	None	-	-	25,00,000	-
Mr. S. Khosla	None	2,08,74,576	23,75,750	-	67
Mr. R. A. Shah	None	-	-	10,00,000	5550
Mr. B. S. Mehta	None	-	-	10,00,000	3799
Mr. D. Acharya	None	-	-	-	-
Ms. D. A. Henretta	None	-	-	-	-
Mr. A. Chhabra *	None	5,33,697	44,332	-	-
Mr. P. Agarwal **	None	-	-	-	-
<b>TOTAL</b>		<b>2,14,08,273</b>	<b>24,20,082</b>	<b>45,00,000</b>	<b>-</b>

\* Mr. A. Chhabra ceased to be a Director of the Company w.e.f. July 17, 2007.

\*\* Alternate Director to Ms. D. Henretta. Details as regards to the remuneration are disclosed vide Note No. B.15 of Schedule 17 to the Accounts in the Annual Report.

NOTE - No sitting fees are payable to any Director.

The term of the Managing Director (MD) is for a period of five years from the date of their respective appointment/ re-appointment. No fee/compensation is payable to the Directors on severance of directorship of the Company.

The Company has not set up a Remuneration Committee. However, the Company, for paying its employees, is guided by the principles of paying competitively to match industry levels, for individual performances and their contribution to the business.

**STOCK OPTIONS**

The Company does not have any stock option plan for its employees. However, all employees of the Company including its whole-time Directors are given the right to purchase shares of the parent company - The Procter &

Gamble Company, USA under its 'International Stock Ownership Plan'. Certain employees of the Company are also entitled to Stock Option of the parent company under its Employee Stock Option Plan. Details as regards the same are disclosed vide Note No. B.14(a) and (b) of Schedule 17 to the Accounts in the Annual Report.

**(f) Committees of the Board**

**Audit Committee**

The Audit Committee comprises of non-Executive Directors namely Mr. B. V. Patel (Chairman), Mr. B. S. Mehta (Member) and Mr. R. A. Shah (Member). The Audit Committee met on August 24, October 31, 2007, January 30 and April 30, 2008 during the year ended June 30, 2008.

Directors	No. of meetings held during tenure	No. of meetings attended
Mr. B. V Patel	4	3
Mr. B. S. Mehta	4	4
Mr. R. A. Shah	4	4
Mr. S. Harlalka *	2	2
Mr. A. Vyas **	2	2

\* Mr. S. Harlalka ceased to be the Company Secretary w.e.f. January 1, 2008.

\*\* Mr. A. Vyas was appointed as the Company Secretary w.e.f. January 1, 2008.

The Audit Committee enjoys the powers and plays the role as is contemplated under Section 292A of the Companies Act, 1956 read with the listing agreement with the Stock Exchange as amended from time to time.

The Audit Committee powers include the following:

- to investigate any activity within its terms of reference.
- to seek information from any employee.
- to obtain outside legal or other professional advice.
- to secure attendance of outsiders with relevant expertise, if it considers necessary.

The Audit Committee role includes the following:

- Overseeing of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- Reviewing with management the annual financial statement before submission to the Board, focusing primarily on :
  - Matters required to be included in the Directors' Responsibility Statement in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act, 1956
  - Any changes in accounting policies and practices.
  - Major accounting entries based on exercise of judgment by management.
  - Qualifications in draft audit report.
  - Significant adjustments arising out of audit.
  - The going concern assumption.
  - Compliance with accounting standards.

- Compliance with stock exchange and legal requirements concerning financial statements.
  - Any related party transactions i.e. transactions of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large.
- Reviewing with the management, the quarterly financial statements before submission to the Board for approval
  - Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
  - Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
  - Discussion with internal auditors of any significant findings and follow up thereon.
  - Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
  - Discussion with external auditors before the audit commences about nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
  - Reviewing the company's financial and management policies.
  - To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
  - Reviewing the functioning of the Whistle Blower mechanism.
  - Carrying out any other function as required in the terms of reference of the Audit Committee in the Listing Agreement as may be amended from time to time.

The minutes of the committee are placed before the Board. The Company Secretary is the Secretary of the Committee.

#### Shareholder/Investor Grievance Committee

The Shareholders Grievance Committee comprises of Mr. B. V. Patel (Chairman), Mr. S. Khosla (Member) and Mr. D. Acharya (Member). Mr. A. Vyas, Company Secretary acts as the Compliance Officer. During the year four meetings were held on August 24, October 31, 2007, January 30 and April 30, 2008.

Directors	No. of meetings held during tenure	No. of meetings attended
Mr. B. V Patel	4	3
Mr. S. Khosla	4	4
Mr. D. Acharya	4	4
Mr. S. Harlalka *	2	2
Mr. A. Vyas **	2	2

\* Mr. S. Harlalka ceased to be the Company Secretary w.e.f. January 1, 2008.

\*\* Mr. A. Vyas was appointed as the Company Secretary w.e.f. January 1, 2008.

The Committee redresses shareholder complaints like delays in transfer of shares, non-receipt of dividend warrants, non-receipt of annual report etc. The Committee considers and approves transfer/transmission of shares, issue of duplicate share certificates, dematerialization of shares.

During the year, the Company received 50 shareholder complaints. The complaints have generally been resolved to the satisfaction of the shareholders except for dispute cases and sub-judice matters, which would be resolved on final disposal by courts. There were no pending transfers as on June 30, 2008.

## MANAGEMENT

### Management Discussion and Analysis

The Company has good internal control systems, the adequacy of which has been reported by its Auditors in their report as required under the Companies (Auditor's Report) Order 2003. The discussion on financial performance of the Company is covered in the Directors' Report. The Company operates in a single reportable business and geographical segment. Employee and Trade Relations related developments are covered in the Directors' Report. The number of employees as on June 30, 2008 was 250.

The Company's core business is manufacturing, marketing and distribution of Healthcare and Feminine Hygiene Products. Under these businesses it has in its portfolio : VICKS – India's No-1 Healthcare brand and WHISPER – India's leading Feminine Hygiene brand (*in value terms*).

The Health Care Colds market grew by 7% during the year backed by increasing advertising spends and launch of lower outlay products. The market also witnessed several new launches by regional players. However, lower per capita income consumption as compared to developing economies in the region and under-dosage of medication continue to pin down the growth potential of this business. Further, the government policy of not liberalizing certain commonly used drugs ( OTC drugs) from the provisions of the sale license is also hampering the easy availability of certain commonly used drugs. In many countries, the concept of selling household remedies and commonly used drugs from the non pharmacy outlets is prevalent.

Feminine Hygiene market grew by 13% during the year , but the per capita consumption continues to be abysmally low. Only two out of ten urban women use branded pads. As a result the market size of about Rs 716 crores remains very low when compared to the population of menstruating women in India. We believe that with the increase in working women due to economic development, the market size should increase at a steady pace for a number of years. A positive development in this market is that feminine hygiene pads are available at greater number of stores. Their current numbers may be low as compared to the availability of products like shampoos, but stores carrying the branded pads are growing at a faster pace than in the recent past.

The Company's risk management policy is in line with the parent company's global guidelines on risk management and as such adequate measures have been adopted by the Company to combat the various risks including business risks (competition, consumer preferences, technology changes), finance risks (cost, credit, liquidity, foreign exchange) and so on.

The Company has adopted a focused approach towards risk management in the form of a Corporate Insurance Program which has the goal of optimizing the financing of insurable risks by using a combination of risk retention and risk transfer techniques. This Program duly covers any risks relating to business interruption resulting from property damage and legal liability resulting from property damage or personal injury.

The Company has in place a very stringent and responsive system under which all its distributors and vendors are assessed before being selected. Further, there exists a system by which all distributors' and vendors' site and operations are periodically reviewed by the Company for managing risks, if any.

The Company operates in a highly competitive environment vis-à-vis attracting the best talent for its operations. With the increasing attractiveness of India as a manufacturing hub, services and trade in emerging and diverse sectors such as aviation, hospitality, banking, telecom, retail, energy, IT, ITES, BPOs etc. employment opportunities have increased manifold for today's graduates, engineers, accountants etc. Therefore, human resources management has assumed vital importance in your Company.

Your Company focuses on attracting, motivating and retaining the best talent. Its people systems like recruiting, training, performance management and talent development are robust and competitive.

Attracting Talent: Recruiting is a key focus – your Company has a well established campus recruitment process that currently visits some of the top business schools and engineering campuses for both the summer internship and final hiring cycles. The Company runs function-wise pre-placement talks and activities to help students gain an understanding of the roles, responsibilities and the organisation to enable them to make informed choices. Compensation and benefits is another key part to attracting the best talent. The Company benchmarks its compensation with industry leaders in FMCG, Retail Banking and emerging sectors like Telecom, retail trade etc. to ensure that it is competitive in the market for talent. The Company's benefit programs are best in class giving it a competitive advantage.



Motivating and Retaining Talent: Strong induction and training systems for new hires is a key part of retention program. The Company allows new hires to handle responsible and large roles consistent with their capability, thus allowing exposure to decision making and strategy. Clearly defined functional career paths helps employees to plan their career goals and understand the skills needed to be built. The Company's annual performance management system is very robust and clearly assesses and differentiates amongst employees on the basis of performance and potential. Your Company leverages its size as a global organisation in giving employees the opportunity to work across regions and business units, as well as moving them to international assignments on a regular, planned basis. Your Company is committed to providing meaningful, fast growing, international careers to employees and this is a key part of our retention efforts.

The Statements in the Management Discussion and Analysis Report may be seen as forward looking statements. The actual results may differ materially for those expressed or implied in the statement depending on circumstances.

## SHAREHOLDERS

### (a) Disclosures regarding appointment / re-appointment of Directors

- **Mr. Bharat Patel** is a graduate of M. S. University, Baroda, with Masters degree in Economics from the University of Notre Dame and M.B.A. in Marketing from the University of Michigan, USA. Mr. Patel started his career with the Company, in its management cadre in 1970, and has held senior management positions and made valuable contributions to the growth of the Company's business. Mr. Patel has since retired from the Company in the year 1999 and is now acting as a non-Executive Chairman.

Presently Mr. Patel is a Director of Force Motors Limited, Wockhardt Limited, Yes Bank Limited and NESCO Limited. Mr. Patel is also a Member of the Audit Committee of Wockhardt Limited and Yes Bank Limited.

- **Ms. Deborah Ann Henretta** holds a Masters degree in Advertising Research and has held senior positions in Procter & Gamble since her joining Procter & Gamble in 1985. Currently Ms. Henretta is the Group-President of P&G Asia. Ms. Henretta has been listed among "Most Powerful Women in Business" by Fortune Magazine in the years 2002, 2003 and 2004.

Presently Ms. Henretta is also a Director of Gillette India Limited.

### (b) Communication to shareholders

- The Company does not send its quarterly or half-yearly report to its shareholders.
- The quarterly results of the Company are generally published in The Economic Times (English) and Mumbai Lakshadeep (Marathi).
- The Company's results and official news release are generally published on the Company's website:

[www.pg-india.com/hhcl](http://www.pg-india.com/hhcl). It contains data on various topics related to transfers, transmission of shares, dematerialisation, nomination, change of address, loss of physical share certificates, dividend etc. Also, a special facility has also been provided for shareholders to send in their suggestion/ grievances, which are immediately responded to.

- No presentations were made to analysts and institutional investors.
- Annual Report, quarterly results, shareholding pattern etc of the Company are also posted on the SEBI EDIFAR website: [www.sebiedifar.nic.in](http://www.sebiedifar.nic.in)

### (c) Statutory Compliance

The Company has complied with all applicable requirements prescribed by the regulatory and statutory authorities including Stock Exchanges and SEBI on all matters related to capital markets and no strictures or penalty was imposed on the Company in past three years.

### (d) Annual General Meetings:

Year	Type	Location	Date	Time
2007	AGM	Patkar Hall	Oct 12, 2007	3:30pm
2006	AGM	Y. B. Chavan Hall	Oct 6, 2006	3:30pm
2005	AGM	Patkar Hall	Nov 25, 2005	3:30pm

No special resolution was passed at the last Annual General Meeting.

### (e) Whistle Blower Policy

The Company follows a Whistle Blower Policy as laid down in its "Worldwide Business Conduct Manual". Any employee or other interested person can call on an Alertline, twenty-four hours a day, seven days a week, to report any concerns about violations of the Company's Worldwide Business Conduct Standards.

The Alertline is not staffed or monitored by Company personnel. All calls can be completed anonymous if the caller desires.

The Alertline can take calls in most languages spoken by employees around the world.

Calls made to the Alertline are reported to the Company Corporate Security and Legal personnel, who will ensure appropriate investigation and follow-up. Callers are given a confidential identification number so they can inquire about the status of their reported concern.

The Audit Committee was accessible to all employees.

### (f) CEO / CFO Certification

In terms of requirement of Clause 49(V) of the listing agreement, the Managing Director (CEO) and the Chief Financial Officer (CFO) have made a certification to the Board of Directors in the prescribed format for the year under review, which has been reviewed by the Audit Committee and taken on record by the Board.

**(g) Adoption of non-mandatory requirements**

- (i) Adoption of non-mandatory requirements under clause 49 of the listing agreement is being reviewed by the Board from time to time.
- (ii) Of the non-mandatory requirements, currently the Company has the Whistle Blower Policy as described above and the Company has provided the Chairman with an office at Mumbai.
- (iii) There is no fixed tenure for independent directors. The Board of Directors ensures that the person being appointed as an independent director has the requisite qualifications and experience which would be of use to the company.
- (iv) There are no audit qualifications in the Company's financial statements for the year under reference.
- (v) No specific training program was arranged for Board members. However, at the Board meetings, detailed presentations are made by senior managerial personnel on the business related matters.
- (vi) The Company has not adopted any mechanism for evaluating individual performance of non-executive directors.

**(h) Code of Conduct**

**(i) Code of Conduct for Directors**

The Company has in place a Code of Conduct for its Directors. This Code is derived from three interlinked fundamental principles, viz. good corporate governance, good corporate citizenship and exemplary personal conduct. The Code of Conduct has been posted on the Company's website at [www.pg-india.com/hhcl](http://www.pg-india.com/hhcl).

**(ii) Code of Conduct for Prevention of Insider Trading**

The Company vide the Worldwide Business Conduct Manual has a Code of Conduct for Prevention of Insider Trading in the shares and securities of the Company, its suppliers or associate companies. This Code, among others, prohibits the purchase/sale of shares of the Company by employees while in possession of unpublished price sensitive information in relation to the Company. The Worldwide Business Conduct Manual has been posted on the Company's website at [www.pg.com](http://www.pg.com). The Company has also adopted a code of conduct for Prevention of Insider Trading as prescribed by SEBI (Prohibition of Insider Trading) Regulations, 1992.

**GENERAL SHAREHOLDER INFORMATION**

**I Annual General Meeting**

The Annual General Meeting will be held on Friday, October 10, 2008, at 3.30 pm at Yashwantrao Chavan Pratishthan (YB Chavan Centre), General Jagannath Bhosale Marg, Mumbai 400 021.

**II Financial Calendar:**

The Company follows July-June Financial year. The unaudited results for every quarter beginning from July are declared in the month following the quarter except

for the last quarter, for which the audited results are declared by September, as permitted under the listing agreement.

**III Book Closure Date** September 27 to October 10, 2008 (both days inclusive).

**IV Dividend Payment Date** On or around October 16, 2008.

**V Listing of Equity Shares on Stock Exchange**

The Company's shares are listed on the Bombay Stock Exchange Limited, Mumbai and the National Stock Exchange of India Limited. Listing fees as prescribed have been paid to the respective Stock Exchanges.

**VI Stock code**

Bombay Stock Exchange Ltd.,  
Mumbai - Code : 500459  
(physical & demat)

National Stock Exchange of India Ltd. - Code : PGHH

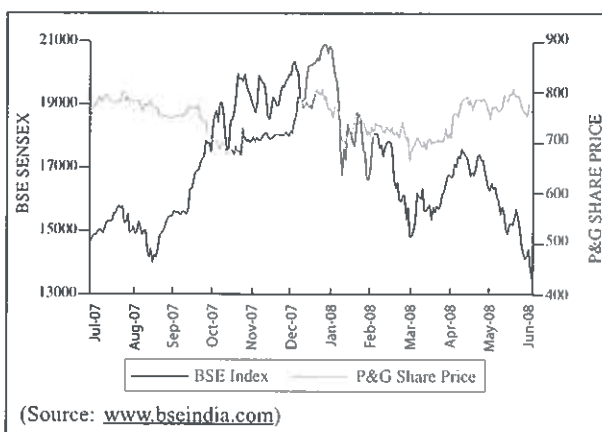
The dematerialization ISIN Code is **INE 179A01014**

**VII Stock Price Data**

MONTH	Bombay Stock Exchange Ltd, Mumbai		National Stock Exchange of India Ltd.	
	High	Low	High	Low
July - 2007	816	725	866	740
August - 2007	794	748	799	749
September - 2007	785	732	888	703
October - 2007	760	670	760	670
November - 2007	748	690	809	665
December - 2007	845	706	836	706
January - 2008	820	645	824	650
February - 2008	800	690	830	695
March - 2008	768	650	775	651
April - 2008	778	683	790	670
May - 2008	800	725	800	740
June - 2008	817	730	818	728

(Source: [www.bseindia.com](http://www.bseindia.com) & [www.nseindia.com](http://www.nseindia.com))

**VIII Stock Performance**



**IX Registrar & Share Transfer Agents**

INTIME SPECTRUM REGISTRY LIMITED. C-13,  
Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup  
(West), Mumbai - 400 078

Tel : (022) 2594 6980 / (022) 2596 3838

Fax : (022) 2594 6969

e-mail - [pginvestors@intimespectrum.com](mailto:pginvestors@intimespectrum.com)/  
[isrl@intimespectrum.com](mailto:isrl@intimespectrum.com)

**X Share Transfer System**

All shares sent for transfer in physical form are registered by the Registrar and Share Transfer Agent within 30 days of receipt of the documents, if found in order. Shares under objection are returned within two weeks. All requests for dematerialization of shares are processed and the confirmation is given to the respective depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) within 15 days.

**XI Distribution of shareholding by size class as on June 30, 2008**

Share holding	Shareholders		Shares	
	Number	% to Total	Number	% to Total
Upto 500	20993	90.66	2160905	6.66
501 – 1000	1235	5.33	865340	2.67
1001 – 2000	560	2.42	777229	2.39
2001 – 3000	139	0.60	344703	1.06
3001 – 4000	66	0.28	232378	0.72
4001 – 5000	39	0.17	174320	0.54
5001 – 10000	64	0.28	452663	1.39
10001 and above	59	0.26	27453198	84.57
<b>TOTAL</b>	<b>23155</b>	<b>100.00</b>	<b>32460736</b>	<b>100.00</b>

**Distribution of shareholding by ownership as on June 30, 2008**

Category	Number of Shares held	% of Shares held
Foreign Promoters	22310090	68.73
Resident Individuals	5490232	16.91
Mutual Funds & UTI	505513	1.56
Financial Institutions	1723017	5.31
Foreign Institutional Investors	243953	0.75
Private Corporate Bodies	2024912	6.24
NRIs / OCBs	143635	0.44
Directors and their Relatives	19384	0.06
<b>TOTAL</b>	<b>32460736</b>	<b>100.00</b>

**XII Dematerialization of shares and liquidity**

As on June 30, 2008 about 91.76% of total Equity Capital was held in dematerialisation form with NSDL and CDSL and the remaining in physical form.

Trading in Equity Shares of the Company is permitted only in dematerialisation form w.e.f. April 05, 1999 as per notification issued by the Securities and Exchange Board of India (SEBI).

**XIII As on date, the Company has not issued GDR/ADR/warrants or any convertible instruments.****XIV Plant Locations**

**Goa Plant :** 173, 314, 315, Kundaim Industrial Estate, Kundaim, Goa-403 115

**Baddi Plants :**

- (1) Khasara.No.1808-09, Village-Doria, Export Park, Thana, Near Ino Pharma, PO. Baddi, Tehsil-Nalagarh, Dist.:Solani Himachal Pradesh -173205
- (2) Village Katha, Near Charak Pharma, PO. Baddi, Tehsil-Nalagarh, Dist.:Solani Himachal Pradesh -173205

**XV Address for Correspondence:**

The Company's registered address for correspondence is Procter & Gamble Hygiene and Health Care Limited, P&G Plaza, Cardinal Gracias Road, Chakala, Andheri (East), Mumbai 400 099. Tel (91-22) 2826 6000, Fax (91-22) 6693 9696.

email - [pginvestors@intimespectrum.com](mailto:pginvestors@intimespectrum.com)

**XVI Compliance Officer:**

Mr. Amit K. Vyas  
Company Secretary  
Ph : (91-22) 2826 6000,  
Fax (91-22) 6693 9696  
email : [vyas.a@pg.com](mailto:vyas.a@pg.com)

**Declaration**

As provided under Clause 49 of the listing agreement with stock exchanges, the Board members have confirmed compliance with the Directors' Code of Conduct for the year ended June 30, 2008 and the Senior Management has confirmed compliance with the Business Conduct Manual for the year ended June 30, 2008.

For, **PROCTER & GAMBLE HYGIENE  
AND HEALTH CARE LIMITED**

**S. Khosla**  
Managing Director

Mumbai, August 29, 2008

**Auditors' Certificate on Compliance of conditions of Corporate Governance under Clause 49 of the Listing Agreement**

To

The Members of  
Procter & Gamble Hygiene and Health Care Limited

We have examined the compliance of conditions of Corporate Governance by Procter & Gamble Hygiene and Health Care Limited, for the year ended on June 30, 2008, as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For DELOITTE HASKINS & SELLS**  
*Chartered Accountants*

Mumbai,  
August 30, 2008.

**K. A. Katki**  
*Partner*  
**Membership No. 038568**